



# WALPOLE

---

## MASSACHUSETTS

### **Town Administrator's** 2020 Annual Budget Message

James A. Johnson – Town Administrator  
January 28, 2020

---



## Introduction

It is my honor to present the Town Administrator's Budget Message for the Fiscal Year 2021. I would like to start by thanking the Select Board and the people of Walpole, for entrusting me with the honor of being your Town Administrator. It is a pleasure to serve and live in such a great community.

Walpole continues to successfully manage our town to its highest level of financial performance in its history. We continue to see unprecedented growth throughout the Town. The proposed 2021 budget incorporates the latest information available to our finance team.

Throughout the remaining winter and spring months I expect that there will be extensive public discussion and debate regarding the budget that is being presented this evening. I remain committed to a budget process that is transparent and informative. The message I offer you tonight is one of continued confidence for a bright future for Walpole. The proposed Fiscal Year 2021 budget continues to make investments to ensure that Walpole is financially sound, safe and supports public education.

## Ongoing Growth in Walpole

As many residents are aware Walpole continues to experience a period of unprecedented growth. This growth is expected to continue into 2021. Prior to providing an overview of the revenue and expenditures I would like to highlight some of the projects occurring in Walpole.

### Municipal Projects

Now that the Police, Fire, Council on Aging and Public Works buildings are complete the Town has turned its attention to improving the School buildings and recreational facilities.

The Route 1A Field Facility located in South Walpole was approved by Town Meeting in the Fall of 2019. Funding for this project came from a variety of sources including funds on hand, Free Cash, previous Town Meeting appropriations and the Town's existing debt budget. I would note that all of the funds needed for this project came within the limits of Proposition 2 ½.

The Select Board awarded the contract shortly after the Fall Town Meeting and the contractor has begun to work on the site. The new 18 plus acre facility is set to include two turf fields, two multiple use grass fields, a baseball diamond, a softball diamond, walking paths and more than 250 parking spaces.



It is expected that the Turf Fields will be completed early next winter and the grass fields will be fertilized and ready for the 2021 grow season with playing space available sometime in 2022.

## Route 1A Fields Layout



I am pleased to report that the Town continues to work with the Massachusetts School Building Authority to advance Walpole's application for a Middle School Project. The MSBA voted this past fall to invite the Town of Walpole to conduct a Feasibility Study for the Bird Middle School, with the study to include a potential consolidation for the total student enrollment town-wide for grades 6-8.

After following a qualifications-based selection process this past December, the Walpole School Building Committee voted unanimously to recommend Compass Project Management as Walpole's proposed Owner's Project Manager to the MSBA. Compass Project Management served as Walpole's Owner's Project Manager for the Police Station, Fire Station, and Council on Aging projects, and was instrumental in making sure that all three of these projects were completed on-time and under-budget.



Once we receive formal approval from the MSBA early next month, the Town will begin the process of selecting an architectural firm to conduct a Feasibility Study as the critical next phase in the process.

I would like to recognize and thank the School Building Committee, which continues to work hard to complete all of the milestones identified in the Eligibility Period ahead of schedule.

One final item I would like to highlight is the High School Feasibility study which is about to get underway next month. Last Fall Town Meeting appropriated \$400,000 to study and review areas of concern at Walpole High School that have been identified by the Walpole School Committee. It is expected that once completed, the feasibility study will provide a project scope and manner in which the Town can proceed with addressing deficiencies that may be identified. It is anticipated that the feasibility analysis will be completed by the end of 2020 which will include recommendations for building improvements.

### **Private Development Projects**

Commercial and residential growth continues to progress throughout Town. Some of the major projects that are ongoing or expected to begin soon include:

- Liberty Village/Foundry Project at intersection of East and Elm Streets
  - 152 market rate apartment units with 15k sq. feet of commercial/retail space.
  - 52 one-bedroom units and 100 two-bedroom units
  - Occupancy expected to begin in mid-2020
- Corcoran/Walpole Station Project at 95 West Street
  - 192 market rate apartment units with approximately 5,000 sq. feet of commercial/retail space on the ground floor.
  - 20 studio units, 83 one-bedroom units, 79 two-bedroom units and 10 three-bedroom units.
  - Developer planning on leasing some units in mid-2020
- Siemens Expansion Project at the Coney Street facility
  - Siemens \$300 million expansion is about 90-95% complete.
  - All new building construction and major interior renovations are complete.
  - Minor exterior landscaping will be completed in the spring.
  - The primary focus is bringing the additional process equipment on line.
  - Over 300 jobs have been created to date.



- Age Qualified Village (55+) at 164 Pine Street
  - 30 market rate duplex-style units
  - Construction began in early 2017, still ongoing
  - Project is 99% complete closeout forthcoming
- Roscommon Open Space Residential Subdivision
  - 30 Lots, single family homes, 3 to 4 bedrooms
  - Roadway and utilities constructed
  - Project is 80% complete
- Pulte at the former Walpole Woodworkers site
  - 186 1 & 2 bedroom AQV condos
  - Project is fully permitted from Land Use Boards
  - Building 1 is 90% complete, Building 2 underway and Building 3 and 4 mid 2020.
- Age Qualified Village (55+) at Renmar Avenue/West Street
  - 103 proposed units – Applicant is currently before the Planning Board.
- La Quinta Hotel located at the intersection of Route 1 and Route 27
  - Proposed building to be split between Sharon and Walpole
  - Intermunicipal agreements have been successfully negotiated
  - Developer is currently before the ZBA requesting a Special Permit and Variance.
- Burns Ave Comprehensive Permit
  - Proposed project to include 32 units
  - ZBA Decision filed with the Town Clerk on January 13, 2020
- Summer St. Comprehensive Permit
  - 300 Unit 1, 2 and 3 bedroom 40B project proposed
  - Mass housing issued a letter of eligibility on January 13, 2020
  - Project application filed with the ZBA on January 15, 2020
- Dupee St. Comprehensive Permit
  - 12 Unit 40B project proposed on a 53,000 square foot parcel
  - Mass housing issued a letter of eligibility on December 6, 2019.
  - Project to be filed with the ZBA in the near future



- Moosehill Road Comprehensive Permit
  - 8 Unit 40B project proposed on a 50,000 square foot parcel
  - Mass housing issued a letter of eligibility on October 15, 2019
  - Project to be filed with the ZBA in the near future
- New Pond Village Expansion
  - New owners are requesting a 61,000 sq. foot expansion which includes eight townhouses in four buildings.
  - An application for Site Plan currently before the Planning Board for consideration.
- Ro Jo's Carwash on Route 1
  - Project was approved by the Planning Board for the intersection of Pine St. and Route 1.
  - Occupancy in the Spring of 2020
- Self-Storage Facility on Route 1
  - Project is permitted and 40% complete
- Urgent Care facility at the former site of Clare Acura on Route 1
  - Permitting Complete
  - Summer 2020 Occupancy expected
- Rolls Royce Expansion
  - 40,000 square foot expansion project ongoing
  - Project permitted and construction is underway
- 1391 Main St. – Mixed use project
  - Mixed use project is being proposed at the current site of Leo's Pizza
  - Proposed project would include 18 housing units and ground floor commercial space.
  - ZBA application filed on December 29, 2019
- Commercial garage on Renmar Rd
  - 6500 square foot building under construction
- Large commercial garage being built on West St.
  - 18,000 square foot garage under construction





- Commercial building at that the intersection of Main St. and Norfolk St.
  - 5,100 sq foot building nearing completion
  - Occupancy expected within a couple weeks
- Cumberland Farms expansion
  - Facility at the intersection of Common St. and Washington St. to undergo renovation and expansion.
  - Currently in the permitting process
- 1350 North St.
  - 6,300 square foot day care facility under construction
  - Summer/Fall 2020 occupancy expected
  - ZBA application filed on December 29, 2019

Like most communities in the Greater Boston area, Walpole is changing and facing demands like never before, especially as it relates to infrastructure, water, traffic, public safety, and schools. Many people are looking at the development that is occurring downtown and this period of unprecedented growth wondering about the long-term vision for our community.

In seeking to preserve community character, manage change, and create new opportunities, and following on the heels of the Housing Production Plan that was completed last year, I am pleased to report that the Town will be undertaking an update to its Master Plan in the near future. This will enable the Town to establish a blueprint of goals, and action steps to guide the Town's growth strategically over the next 20 years.

This Master Plan Update is envisioned to engage the community as a transparent and open process, with the goal of achieving consensus on relevant issues and implementation strategies for Town Departments and regulatory boards. Specifically this Master Plan will seek to investigate and establish goals and strategies for Land Use and Zoning, Housing, Economic Development, Cultural and Historic Resources, Open Space and Recreation, Public Services, Transportation, Sustainability, Climate Change, and Public Health. Updating the Master Plan is the crucial first step to eventually updating the Town's Zoning Bylaw, and making this strategy a reality.



## Financial Foundation

### Revenue

The proposed FY2021 budget relies on revenue estimates based upon the latest information we have available at this time. The budget that is being presented this evening does not use reserves or one-time revenues to assist in the balancing process.

The overall General Fund budget increase is 3.66%. The total amount anticipated to be raised from the tax levy for Fiscal Year 2021 is \$78,405,004 which utilizes the full limits of proposition 2 ½ and projects new growth at \$925,000.

In addition to the funds derived from Proposition 2½, the recommended budget utilizes local receipts, which makes up a considerable portion of local revenue. Last year at this time, the Select Board asked me to be more aggressive projecting the FY 2020 projected revenue in order to continue to meet the demands of the community. Unfortunately the license and permits line is projecting at or below what we forecasted at this time last year. In light of this I would caution against raising the FY 21 local receipt projections further than what is currently recommended. I do not want to place the Town in a situation next year where multiple local receipt lines are not meeting the projections that are being made now.

Local receipts make up just about \$7,569,000 of the FY 21 budget. Some of the major contributing factors to the total local receipts line include:

- Motor Vehicle Excise at \$4,280,000 which is level funded from the FY 20 projection
- License and Permit fees are budgeted at \$1,050,000 which is actually a decrease from the FY 20 projections. At this time we are projecting that the Town will collect approximately \$1,100,000 in this line.
- Investment income is budgeted at \$300,000 which is up from \$81,000 in FY 20 due to an increase in interest rates for which funds have been invested into.
- Net metering credits which was a new line last year is budgeted for \$300,000 which is up from the \$200,000 that was projected in FY 20.

I do not anticipate that our preliminary FY 2021 revenue projections will increase substantially over the coming weeks and months based upon the analysis that our finance team conducted.





## **Expenses**

The amount requested for appropriation for FY 21 totaled \$98,663,476. After meeting with Department Heads and our Finance team it was determined that more than \$1.3 million in cuts were necessary in order to balance the budget. The total amount recommended for appropriation to the various departments is \$97,360,023.

Areas on the expense side of the budget that I would like to call your attention to include:

### **Highway Department:**

The Highway department is responsible for 120 miles of roadways, sidewalks, storm drains, traffic signals, line painting, guardrails and fencing. This year the DPW Director and the Highway Superintendent have asked for a new position in the Highway Department to assist with the Town's ever-growing roadways. This request would raise the total number of employees in the Highway Department from 7 current employees to 8. Since 1980 the Town has added 30 miles worth of roads however the number of Highway Department employees has actually decreased from 14 to 7. This new position, which is included in the recommended budget, will allow the Highway Department to keep up with Walpole's continued growth.

### **Public Safety:**

As the Town continues to grow at a record pace, this budget continues to make investments into the Town's public safety departments as well. The number of calls and outreach responses from both the Walpole Police and Fire Departments have increased substantially over the last few years. The Fire Department finished 2019 with 7,958 calls for service of which 3593 were emergency responses. This represents an increase of 26% in emergency responses since 2014 (2843). On the Police side, over the last year alone, 22,449 incidents have been investigated and dispatchers have logged over 40,000 calls.

The Walpole Fire Department Budget will increase by \$207,000 or just about 4.76%. The Town continues to try to stay current with the Town's growing Fire and Ambulance needs. The recommended budget for the Fire Department adds 2 new Fire Fighter positions. These new positions will allow the Fire Chief to staff three of the firefighting groups to 10 fire fighters and one group to 9 fire fighters. I am optimistic that as the budget process progresses the Town will be able to add one more fire fighter position into the FY 21 budget to allow all four groups to staff to 10 fire fighters.



The Walpole Police Department Budget will increase by \$182,000 or just about 3%. I am pleased to report that the recommended budget adds three new police officers to the department. Walpole's Police Department ranks toward the middle for staffing ratio levels and at the low end for command staff personnel when comparing the Walpole Police Department to other communities in the Commonwealth.

With over 25,000 residents, and 44 current officers, the Walpole Police Department has approximately 1.74 officers per thousand inhabitants. The majority of area communities maintain a range of 1.48 to 2.81 officers per thousand residents. If Walpole were to authorize two officers per thousand inhabitants, the department would currently be staffed at 50 officers, prior to any anticipated growth. The recommended budget will increase the total number of budgeted sworn officers from 44 to 47 in FY 21 which will increase the ratio to 1.88 officers per thousand.

One of the new positions included as part of my budget recommendation is an additional Police Lieutenant. The Walpole Police Department is structured into three main components, Patrol, Investigations and Administration, all of which have distinct functions and responsibilities. The new Lieutenant position will allow the department to increase command staff personnel to ensure that there is sufficient oversight and responsibility of administrative tasks that need to be delegated to Sergeants. It is vital that this position be created prior to the upcoming growth, to ensure that the department's reporting and chain of command infrastructure is fully functional.

I commend both the Police and Fire Departments for their daily efforts and protection. Chief Bailey and Chief Carmichael continue to do an excellent job leading their respective departments. I am pleased to report that both Departments have settled into their new stations and operations continue to perform in an efficient and effective manner. Walpole is fortunate to have dedicated Fire and Police personnel that continue to do an excellent job keeping Walpole residents safe.

#### **Public Education:**

Public education continues to be one of Walpole's top priorities. This year the public education line is recommended to be \$48,740,190. We are waiting for all of the financial details from the State regarding the recent education reform. I am grateful to Walpole's legislative delegation for their leadership throughout the development of the reform.

The Norfolk County Agricultural School has suggested a level-funded approach to their appropriation at this time; while the Tri-County Superintendent has advised that based on his enrollment projections a conservative 24% increase is appropriate at this time. As enrollment projections become refined these figures will likely be adjusted.



The recommended budget for the Walpole Public School Department stands at \$47,612,190 which is a 3.3% increase over FY 20. School and Town officials have met multiple times leading up to this message to work together to ensure that the Town is maximizing the funds that the Town is able to responsibly appropriate for the FY 21 budget. Superintendent Gough explained that the School Department anticipates a \$315,000 reduction in Medicaid reimbursements in FY 21 and an additional \$277,000 in Special Education requirements. The School Committee has yet to vote on the overall budget to be submitted to this office, but it is my understanding that the School Committee is expecting to submit a budget with an estimated 5% increase which will account for a budget gap of roughly \$860,000. If we were to maintain the 66/34 split that would mean an additional \$1.3 million in revenue that would need to be identified.

School officials have advised the Finance team that the School Department needs an additional \$324,000 for a total increase of 4% in order to maintain level services and to meet the mandates that are being passed down to local government. The proposed budget has been adjusted to allow for a 68/32 revenue split between the Town and School. School Officials have advised that the School Committee will be reviewing all of their fees in order to ensure that they are maximizing revenue on their end. I anticipate that the health insurance figures and a few other budgets will come in favorably later on this Spring and I remain optimistic that School and Town officials will work together and review all options to bridge this gap in order to address the school department's needs.

### **Council on Aging:**

The COA personnel line is set to see an increase of 9.1% at this time due in part to additional hours for the van drivers and some additional staffing hours for the building. As one may expect, the usage of the COA has dramatically increased since the building opened. The total usage has increased from 25 visitors on average per day in 2016 to 142 average visitors per day in 2019. Overall the total number of active seniors using the center has gone from 813 per year to 2,156 per year during that same time period. This is truly an incredible amount of growth in a very short time period.

### **Debt Service:**

The proposed FY21 Debt budget provides for the payment of principal and interest costs for long and short term bonds issued by the Town for General Fund purposes. The FY 21 Debt budget is \$4,260,286 which is a \$75,000 increase over FY 20. Walpole continues to modestly increase this budget each year to assist with the anticipated school building needs that will be considered over the next few years. I am pleased that the Walpole Public Schools are going to be able to benefit from the foresight demonstrated by



previous Select Boards and Finance Committees during the development of the Town's previous debt budgets.

### **Assessment and Fringe Benefits:**

The Assessment and Fringe Benefits portion of the budget which consists of the Other Post-Employment Benefits, Retirement Assessment, Unemployment and Insurance is budgeted at a 5.22% increase at this time. I expect this line will see some changes over the next few months once the Town's health insurance carrier finalizes their FY 21 projections.

Last year Town and School employees once again agreed to modify the health insurance plan offered by the Town. This was the second such change in four years and resulted in significant cost savings. The employee bargaining groups were able to come together to work collectively with the Town to reach an agreement that allowed the Town to modify the plans offered. This is a notable shift that will save the Town hundreds of thousands of dollars over the next few years and reduce the Town's OPEB liability.

The budgeted OPEB contribution has increased from \$500,000 in FY 20 to \$525,000 in FY 21. This recommendation maintains our ongoing OPEB funding with a moderate increase. The Town's recent actuarial study estimated Walpole's Unfunded Actuarial Accrued Liability is just over \$42 million.

I would also note that the proposed budget moderately increases the amount budgeted for the Stabilization account from \$300,000 in FY 20 to \$310,000 in FY 21.

Since 2014 the Town has increased the OPEB account from \$1,072,538 to \$4,801,131 and the Stabilization account from \$1,827,245 to \$5,145,680. These increases have gone a long way in preserving Walpole's long term financial stability.

### **Reserves**

We continue to add to our financial reserves and maintain a solid AA+ bond rating for the Town. The Town's bond rating has proven to be a valuable tool over the last five years as we have built the new municipal buildings.

The resources in the Town's reserves include Free Cash, the Stabilization Fund, OPEB and the Finance Committee's reserve fund. As demonstrated in the previous section maintaining strong reserve levels have proven to be effective strategies in preserving Walpole's strong financial position.



Undesignated fund balance, better known as “Free Cash,” was certified at \$5,603,078. The Fall Town Meeting appropriated \$5,402,921 for a variety of items. The following list breaks down the identified uses of free cash:

- Fall Town Meeting Capital Appropriations \$4,218,050
- School Appropriations \$592,871
- Fall 2019 Stabilization Appropriation \$300,000
- Fall 2019 OPEB Appropriation \$292,000

### **Capital Investments/Infrastructure**

The Capital Budget requests last Fall exceeded \$13.4 million and Town Meeting voted to fund just over \$12.3 million in requests. I commend the Capital Budget Committee for their efforts overseeing the Capital Budget requests and the Town’s long term capital planning process. Some of the major items that received funding included:

- \$7.98 million for the Route 1A field project.
- \$106,000 for Parks Improvements
- \$990,000 million for School Department Equipment
- \$704,000 for Police and Fire Equipment
- \$760,575 for Building Infrastructure Improvements
- \$299,300 for Equipment replacement for the DPW
- \$1,400,000 for Street & Drainage Improvements

### **Water and Sewer Enterprise Funds**

The recommended Water Enterprise Fund budget is \$5,962,808. The current Water Retained earnings balance was certified by the Massachusetts Department of Revenue in August 2019 at \$2,776,183. The recommended Sewer Enterprise budget is \$5,334,685. The current Sewer Retained earnings balance was certified by the Massachusetts Department of Revenue in August 2019 at \$2,178,781.



### **Spring Town Meeting Warrant**

At this time there are currently 25 Articles that are set to be considered. Some articles of note include:

- The FY 2020 in year budget
- FY 2021 Budget
- FY 2021 Sewer and Water Budgets
- An article to address any snow and ice deficit that may be encountered.
- Six articles which will address the municipal employment agreements with the various collective bargaining units.
- One article that proposes adding inclusionary zoning into the Town's Zoning bylaws
- An article that establishes a housing partnership
- Multiple citizen's petition articles

A detailed description of the proposed warrant articles will be available on the Town's website soon.

### **Conclusion**

In conclusion, the Fiscal Year 2021 proposed budget is balanced and ready for the Finance Committee's review. We continue to monitor local receipts, state aid, and are constantly looking for ways to improve the budget development process.

I would like to take this opportunity to thank the members of our outstanding Finance Team, Marilyn Thompson, Jodi Cuneo, Dennis Flis, and Patrick Shield. This budget is more than just dollars and cents entered into a spreadsheet. With an engaged citizenry who volunteer countless hours on Boards and Committees and a dedicated staff who work tirelessly throughout the year, this budget is about the collective contributions we all make toward the quality of life in this town, and about making progress toward a better, safer community to live and work.

Each of our departments are comprised of dedicated employees who do an excellent job working toward this goal throughout the year. The level of professionalism and sense of teamwork exhibited by all Town Officials each and every day is something that I am proud to be a part of.

Finally, I would like to express by gratitude to the Select Board and the residents of Walpole for their continued confidence and support.